

November 23, 1998

Jeffrey E. Ganek
Senior Vice President and Managing Director
Lockheed Martin IMS
Communications Industry Services
1200 K Street, N.W.
Washington, D.C. 20005

Re: North American Numbering Plan Administration (NANPA)

Dear Jeff:

Recently, the Commission was placed on notice that Lockheed Martin Corporation is seeking to acquire Comsat Government Services, Inc., a wholly owned subsidiary of Comsat, to facilitate the strategic aims of Lockheed Martin Corporation's newly formed Global Telecommunications subsidiary.¹ On October 22, 1998, Lockheed Martin IMS issued a report to the North American Numbering Council (NANC), following upon several previous reports to the NANC, in which Lockheed Martin announced its intention to divest the Lockheed Martin IMS Communications Industry Services (CIS) unit, in order to adhere to the Commission's neutrality requirement for the NANPA, as the third party administrator of numbering resources.

Based on the meeting of November 3, 1998 between Commission Staff and representatives of Lockheed Martin, we understand that Lockheed Martin expects to divest the CIS unit by the end of 1998, has entered into discussions with one or more potential acquiring entities, and will make public the identity of a possible purchaser as soon as reasonably possible. Lockheed Martin also has stated that, before proceeding with the divestiture of the CIS unit, it will seek the Commission's approval. Specifically, we understand that Lockheed Martin will submit a filing to the Commission that outlines the terms of the proposed divestiture agreement between Lockheed Martin and the acquiring entity, in sufficient detail to permit a full and thorough review of whether the proposed divestiture meets the neutrality criteria and other key aspects of the Commission's rules and orders regarding NANP administration. The Commission then may conduct its review of the proposed transaction, seek comment from the public on the filing, request that the NANC provide the Commission with a recommendation, or otherwise pursue actions that the Commission deems appropriate to ensure that the proposed acquiring entity will fully and neutrally discharge Lockheed Martin's current responsibilities as the NANPA.

¹ Lockheed Martin Corporation, Regulus, LLC, COMSAT Corporation, and COMSAT Government Services, Inc., application to International Bureau, Satellite Policy Branch, Report No. SPB-139 (rel. Oct. 23, 1998). COMSAT holds a 214 authorization to provide international common carrier services.

As you know, the NANPA's neutrality is critical to the Commission's and industry's need that numbering resources be administered on a neutral, fair, effective and efficient basis. In its *Third Report and Order*, the Commission addressed questions that had been raised about Lockheed Martin's neutrality during the evaluation of possible NANP administrators. Although the Commission determined that Lockheed Martin IMS could serve as the NANPA without compromising the purposes of the statute and the resulting neutrality criteria, it also stated that if Lockheed Martin Corporation or its affiliates in the future offer common carrier services that are more than *de minimis* in nature, we would reconsider the issue of Lockheed's neutrality under section 52.12 and consider ways to ensure continued neutrality.

In light of Lockheed Martin Corporation's intended acquisition of Comsat, the Commission Staff currently is reviewing the neutrality matter and the issues raised by the proposed divestiture of the CIS group. In particular, our review will focus on a number of issues, which Lockheed Martin may wish to address in its filing that it submits to the Commission later this year:

- (1) the neutrality of the acquiring entity, on the basis of the neutrality criteria set forth in the Requirements Document, as well as the Commission's rules and orders;
- (2) the ability of the acquiring entity to perform the functions of the NANPA in accordance with the Requirements Document;
- (3) the commitment of the acquiring entity to perform the functions of the NANPA at the price agreed to by Lockheed Martin IMS; and,
- (4) the ability and commitment of the acquiring entity to fulfill the remainder of Lockheed Martin IMS's current term as NANPA, without compromising its neutrality and the resources needed to administer the North American Numbering Plan (NANP).

In addition, the Commission Staff will be reviewing the impact of the transfer of the NANPA functions from Lockheed Martin IMS to the acquiring entity on the other 18 members of the NANP. Finally, although we do not necessarily view the NANPA function as tied to Lockheed Martin's responsibilities as the local number portability administrator for the seven LLCs in the United States, because of the Commission's oversight responsibilities, we remain interested in Lockheed Martin's assessment of the impact of the divestiture of the CIS unit on the LLCs.

We appreciate the efforts that Lockheed Martin has made to keep the Commission Staff informed of developments, through meetings, periodic reports, and informal discussions. As a result of those communications, we understand that the progress of the divestiture is "on target" and that Lockheed Martin is aiming to make a filing by December 3, 1998. In light of the

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importance and the need to plan for an expeditious and transparent transition, we would appreciate it if you would keep us informed of any change in the December 3, 1998 timeframe.

We look forward to your continued cooperation in this matter.

Sincerely,

Yog R. Varma
Deputy Chief
Common Carrier Bureau

cc: Alan Hasselwander